



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



FILE COPY

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Comptroller

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September 9, 2010

Harold Crumpton, Executive Director
Greater Ville Neighborhood Preservation
1911 N. Taylor
St. Louis, MO 63113

RE: Community Development Block Grant (CDBG) (Project #2010-CDA25)

Dear Mr. Crumpton:

Enclosed is a report of our fiscal monitoring review of the Greater Ville Neighborhood Preservation Commission, a not-for-profit organization, CDBG Program, for the period January 1, 2009 through November 30, 2009. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of the agency. Fieldwork was completed on January 29, 2010.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the City of St. Louis Community Development Administration (CDA) to provide fiscal monitoring to all grant subrecipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,


Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, CDA
Lorna Alexander, Special Assistant for Development, CDA



CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

**GREATER VILLE NEIGHBORHOOD PRESERVATION
COMMISSION**

CONTRACT #09-31-73

CFDA #14.218

FISCAL MONITORING REVIEW

JANUARY 1, 2009 THROUGH NOVEMBER 30, 2009

PROJECT #2010-CDA25

DATE ISSUED: SEPTEMBER 9, 2010

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
GREATER VILLE NEIGHBORHOOD PRESERVATION COMMISSION
FISCAL MONITORING REVIEW
JANUARY 1, 2009 THROUGH NOVEMBER 30, 2009**

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INTRODUCTION

Background

Contract Name: Greater Ville Neighborhood Preservation Commission

Contract Number: 09-31-73

CFDA Number: 14.218

Contract Period: January 1, 2009 through December 31, 2009

Contract Amount: \$245,374

This contract provided Community Development Block Grant (CDBG) funds to Greater Ville Neighborhood Preservation Commission (Agency) to revitalize the Ville area and redevelop the entire 4th ward, and also maintain the character of city living by rehabilitating existing structure that holds unique architectural design.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state and local Community Development Administration (CDA) requirements for the period January 1, 2009, through November 30, 2009, and make recommendations for improvements as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant administered by CDA. Evidence was tested supporting the reports the Agency submitted to CDA and other procedures were performed as considered necessary. Fieldwork was completed on January 29, 2010.

Exit Conference

The Agency was offered the opportunity for an exit conference on July 7, 2010, but the Agency declined.

Management's Responses

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal, state and local CDA requirements.

Status of Prior Observations

The Agency's previous fiscal monitoring report, Project #2009-CDA33, issued May 29, 2009, contained three observations:

1. Opportunity to file monthly financial and programmatic report in a timely manner. **(Repeated)**
2. Opportunity for CDBG checks signed by two duly authorized officers. **(Resolved)**
3. Opportunity to complete program objectives. **(Repeated)**

A-133 Status

According to a letter received from the Agency dated January 7, 2010, the Agency was not required to have an A-133 audit because it did not expend \$500,000 or more in federal funds in its fiscal year ended December 31, 2009.

Summary of Current Observations

Recommendations were made for the following observations, which if implemented could assist the Agency in fully complying with federal, state, and local CDA requirements.

1. Opportunity to improve cash management (Questioned Cost \$367.77)
2. Opportunity to complete program objectives
3. Opportunity to submit monthly financial reports in a timely manner

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

1. Opportunity to Improve Cash Management (Questioned Cost \$367.77)

A sample of 27 non-payroll expenditures was taken from the months of March and October 2009. The Agency did not disburse funds within three days upon receipt of the reimbursement check from CDA for 25 out of the 27 items tested. Also, two out of the 27 expenses tested were still outstanding as of 1/28/2010 with a total balance of \$367.77. This will be considered questioned cost.

The two outstanding items consists of an overdue bill for R & R Contracting Service, Inc. in which the original bill was held back pending discussions with the vendor and a Laclede Gas bill was not paid because the Agency has moved and the US Postal Service did not deliver the invoice.

Section 2.10 (Cash Management) of CDA's Operating Agency Fiscal Procedures Manual states that an Operating Agency must disburse Community Development Administration cash within three working days upon receipt of CDA funds. This policy applies to program grant funds received from the City of St. Louis for unpaid items. If the funds cannot be disbursed within the three-day period, then they must be returned immediately to the Comptroller's Office.

The Director stated he was not aware that these invoices were not paid until we requested the cancelled checks. This came to his attention during the fiscal review.

Poor cash management may result in questioned costs and the suspension or termination of the federal award.

Recommendation

It is recommended that the Agency follow the CDA Cash Management Policy for future reimbursement requests. It is recommended the Agency repay the \$367.77 questions costs to CDA.

Management's Response

Management agrees with the findings and recommendations for improvements identified in the review with the following comments:

Our Agency does not have working capital and is forced to pay some bills late. As a result of earned funds from the Dick Gregory Apartments project, the Agency will receive funds that may be used as working capital.

A Laclede Gas bill had not been paid because our agency could not obtain a final bill from Laclede Gas; we have made arrangements to pay this bill.

An overdue bill for R & R Contracting Service, Inc. was not paid because the service provided by the vendor did not meet the agreed upon request. We are making arrangements to pay this bill.

2. Opportunity to Complete Program Objectives

The Agency's programmatic reports did not show any evidence that the Agency completed the objectives of its CDBG contract agreement. After the review of September's programmatic report, there was no evidence or documentation that the objectives have been completed by the end of the contract period.

None objectives will have been completed by the end of the contract year. Programmatic reports are up to date; however they continue to be submitted late. After review of the programmatic report the Agency has all ongoing goals.

Section B of the grant agreement requires the Agency to complete a minimum of objectives listed in a manner acceptable to CDA, in accordance with the schedule, budget and condition.

The Director stated some projects are on going because the project is long-term and some projects when you finish assisting with one thing other things come up.

Failure to comply with all of the term and conditions of the work program of the CDBG contract agreement may result in the:

- Withholding of contract awards
- Suspension of contract
- Withholding of reimbursement or payments
- Refusal to accept a proposal
- Disqualification from eligibility to receive future CDBG funds.

Recommendation

It is recommended that the Agency communicate with CDA to revise the terms and conditions of its CDBG contract agreement with CDA.

Management's Response

Management agrees with the findings and recommendations for improvements identified in the review with the following comments:

Our program objectives were negotiated with several levels of management at CDA before being approved by our program monitor.

3. Opportunity to submit monthly financial reports

The Agency did not submit its monthly financial reports for the entire contract period.

CDA regulation requires the Agency to submit its monthly financial reports by 10th of the month following the report period end. This is stated in the contract and in CDA's Operating Agency Fiscal Procedure Manual

The Director is working with his assistant to try to complete the monthly financial reports.

Non submission of the monthly financial reports may cause a delay or suspension in the processing of reimbursement requests. It can also result in the suspension or termination of the federal award

Recommendation

We recommend the Agency comply with CDA regulations and submit its monthly financial reports in a timely manner.

Management's Response

Management agrees with the findings and recommendations for improvements identified in the review with the following comments:

Office Manager has been trained and has completed all reports for 2010.